



BOARD OF COUNTY COMMISSIONERS

301 South Monroe Street
Tallahassee, Florida 32301
(850) 488-4710

County Administration
Leon County Courthouse
301 South Monroe Street, Suite 502
Tallahassee, Florida 32301
850/488-9962

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At-Large

PARWEZ ALAM
County Administrator
(850) 488-9962

HERBERT W.A. THIELE
County Attorney
(850) 487-1006

February 27, 2004

The Honorable John Marks, Mayor
City Hall
300 South Adams Street
Tallahassee, Florida 32301

Dear Mayor Marks,

On behalf of Leon County, I would like to personally thank you for accepting my invitation that an in-depth audit be performed of the City Utilities. Such an undertaking will provide valuable insight to all the residents of our community regarding this very important community asset.

For your consideration, I have attached a preliminary scope of work prepared by staff regarding this audit. To maximize the benefit of this undertaking, I would appreciate any comments the city has on the attached scope of work. I am requesting that the Administrator bring an agenda for the Board to consider at their March 23, 2004 meeting. Though ideally this undertaking should be done jointly, if the City does not wish to participate I will recommend to the Board to proceed independently.

I appreciate Commissioner Gillum's offer to convene with me a town hall meeting in late March to update the community on the progress our governments have achieved. I look forward to hearing from you at your earliest convenience regarding this matter.

Sincerely,


Bill Proctor
Commissioner

CC Honorable Chairman and Members of the Board of County Commissioners
City Commission
Parwez Alam, County Administrator
Anita Favors, City Manager
Vince Long, Assistant County Administrator
Alan Rosenzweig, Director, Office of Management and Budget

Enclosure: Scope of Work for Financial and Performance Audit of the City of Tallahassee
Utilities

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Scope of Work for Financial and Performance Audit of the City of Tallahassee Utilities

- 1) Review of utility bill rates by quadrant and neighborhood for the prior three fiscal years.
- 2) Specific review through sampling of utility bills.
- 3) Operational review in determining how the individual utilities (ie gas, electric, water, etc.) purchases/creates fuel and how these determinations translate into rates.
- 4) Evaluation to determine the appropriateness as to the level of reserves maintained by each utility and the determination if on-going refunds and/or rebates are appropriate.
- 5) Evaluation of alternative methods for the administering and management of the utilities including but not limited to the following:
 - A) Creation of a Financial Review Committee (FRC) similar to the current arrangement for the rate making associated with the County's Transfer Station
 - B) Evaluation regarding the creation of a Citizens Review Committee for all City utilities.
 - C) Examination as to the creation of an independent authority to operate the City utilities.
- 6) Evaluation of the overall rate-making process.
- 7) Evaluation of the annual transfer from the utility funds to the city general fund, with particular emphasis on:
 - A) Review of unincorporated area residents subsidizing city tax payers through transfers from the utility fund to the city general fund and determination of any dual taxation issues.
 - B) Analysis of individual property owners increased cost for utilities to support annual transfer versus alternative increase in property tax rates.
- 8) Evaluate the rate differential between residential customers and major customers receiving reduced rates through utility contracts.